

CALTEST™ INSTRUMENTS, INC.

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September 13, 2004

Ms. Cathy Poncabare, Expert Witness Liaison
California Performance Review Commission
1400 10th Street
Sacramento, CA 95814

Phone: 916-322-2318
Email: cathy.poncabare@gov.ca.gov

Dear Ms. Poncabare,

I am in full support of the Governor's recommendation for a comprehensive examination of the methods and practices of government with the goal of increasing efficiency while reducing costs more specifically the revision or elimination of the California Air Resources Board.

As the CEO of two small women owned California Corporations, D-1280X, Inc. dba Omstar Environmental Products and CalTest Instruments, Inc. we have struggled and failed to get our products recognized on an even-playing field because of the interference, malice and misconduct we have experienced with an "out of control" CARB agency beginning in 1988 to present.

On June 10, 2004, Howard Sargent, our Chief Engineer, sent a letter to Dr. Lloyd, Chairman of CARB, asking me to meet with us, one of our main distributors, and the State Assemblyman Steven Samuelian from the distributor's district, to discuss the corrective action CARB should take to remedy its 14 years of badmouthing our additive, Omstar D-1280X®. This was the proposed discussion subject:

Action by CARB to supersede all prior false & incomplete reporting on its 1989-90 testing of fuel additive Omstar D-1280X® **by a two-page report (draft attached to this letter)** which would be on the CARB website and provided when people make inquiries to CARB in the future. Other needed actions by CARB to put right the vast unwarranted damage done could then be discussed.

Colonel Sargent's letter and its enclosure (a proposed 2-page report on our additive which CARB would hand out or mail to people asking, and would post on its website, replacing the current display there. I suggest you read the letter and its enclosure now. It describes the apathy CARB has shown for ways to improve diesel fuel (until recently) and the unfairness of its treatment of us and our fine product.

We have an excellent fuel additive, patented on May 1, 1990, by Morton Fainman, PhD. (chemistry). Dr. Fainman spent a lifetime trying to perfect fuels and lubricants in research laboratories. His invention came to him in a flash of insight in 1988, he told us. He had been working with synthetic esters for over thirty years (His 1957 paper on synthetic esters is cited in his 1990 patent.). He suddenly realized, he said, that (1) a low molecular weight synthetic ester would clean deposits inside the engine (without the loss of engine lubricity associated with cheap engine cleaners), and (2) combining that with a high molecular weight synthetic ester would greatly improve engine lubricity and improve combustion, because molecules of that type of ester partially survive combustion and combine [chemisorb] with iron molecules at metal rubbing surfaces inside the engine cylinder and fuel injectors. An "iron soap" is formed, increasing lubricity—of particular great importance in the upper cylinder areas of an engine, where pistons change direction and oil is scarce. Engine temperatures drop. Hydrocarbons, primarily unburned fuel, dropped 20% to 50% in ARB testing. CARB first tested two vehicles and found our additive reduced particulates. But a sentence to that effect was buried in many pages of lies and insinuations on the CARB website.

ARB, especially at El Monte, has consistently badmouthed our additive when contacted. When, in the past 14 years, our prospective customers would contact ARB, ARB would respond very negatively for example, denying any knowledge of our additive, or denying the 4.1% fuel economy at 90% confidence. **All CARB 90% data was missing from the CARB website, because if an additive provides 4.1% fuel economy it is providing a 4.1% reduction in ALL emissions. And CARB couldn't stand the thought of our additive getting credit for that.**

At first the badmouthing occurred because ARB was pushing methanol. Then methanol was abandoned because it destroyed engines and was poisonous. CARB senior officials hated the thought that diesel fuel could be improved. So, after methanol, and MTBE the lies continued.

If you have any questions, please call me.

Sincerely,



Roberta Landon Skaggs
CEO & Chairperson

- Encl: - Omstar letter to Dr. Lloyd, CARB Chairman, dtd June 10, 2004
with Encl., a proposed (for CARB handouts & mailouts and CARB website):
Revised Report of CARB Road-Testing of Effects of Fuel Additive Omstar D-1280X® on
Diesel Exhaust Emissions and Fuel Economy (US EPA Urban and Highway Test Procedures)
- Dr. Wortman (former ARB Board Member) 1995 letter re: ARB corruption.
- Omstar letter to Dr. Lloyd, CARB Chairman, dtd June 12, 2004.
- Letter to Gov. Davis, dtd Sept. 1999, from Ted Gunderson Ret. FBI Special Agent
reports ARB skullduggery & unfair treatment to Omstar and Caltest.

- KCRB-TV 2 - NEWS EDITORIAL - MAY 1, 1988



OMSTAR ENVIRONMENTAL PRODUCTS

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June 10, 2004

Confidential—for Dr. Lloyd only

Alan Lloyd, Ph.D.
Chairman, California Air Resources Board
P.O. Box 2815 2020 L Street
Sacramento, CA 95812-2815

Dear Dr. Lloyd,

We are looking forward to meeting with you in your office at 1:30 PM, on June 22, 2004, concerning our fuel additive Omstar D-1280X®. It has been beset unfairly and illogically by CARB for 15 years.

Five of us are planning to be there: (1) Omstar's entire Board of Directors (Chairperson & CEO Roberta Skaggs, President Richard Skaggs, and me, Howard Sargent, EVP/Chief Engineer), (2) Curtis Wolfe, an engineer with extensive fuel & testing background, whose is familiar with testing of our product in Mexico and Costa Rica, and (3) Myron Smith (lawyer/judge background). Our efforts to sell Omstar D-1280X® have been impeded by CARB inaccurate reporting—including the *very hostile* (1) past CARB test reports, (2) the display on the CARB website, and (3) CARB responses to oral and written inquiries.

We propose these two related subjects for the meeting agenda:

- **Action by CARB to supersede all prior false & incomplete reporting** on its 1989-90 testing of fuel additive Omstar D-1280X® **by a two-page report (draft attached to this letter)** which would be on the CARB website and provided when people make inquiries to CARB in the future. Other needed actions by CARB to put right the vast unwarranted damage done could then be discussed.

- **Actions by CARB to encourage use of fuel-economy-improving, emission-reducing, fuel additives** (which fuel suppliers currently have no incentive whatsoever to add to refinery fuel) with *Purposes-in-Use* (See six *Purposes-in-Use* near the top of page 1 of the enclosure) designed to:

---improve fuel combustion, and

---improve other engine performance. For example, Omstar D-1280X®:

- (1) cleans/precludes internal deposits without reducing metal-rubbing-surface lubricity inside cylinders and fuel injectors by use of low molecular weight synthetic esters and
- (2) increases metal-rubbing-surface lubricity (reducing engine temperature) by molecules of heavy-molecular-weight synthetic esters (partially surviving combustion) combining with iron in piston rings and cylinder walls (i.e., chemisorption) to form an "iron soap" lubricant—an improvement of especial significance in the hot, oil-short, *upper cylinder* areas. (In fuel injectors, the chemisorption is much faster due to absence of combustion).

Dr. Fainman's 1957 first paper on synthetic esters was published 33 years before the patent.

---by a combination of the above, cause improvements in (1) fuel economy, (2) exhaust missions, & (3) engine maintenance costs (the first possibly making the other two cost-free)

Proposed System for Tested-Additive Registration (STAR). This CARB program would give an incentive [*increase*, or [*later*] *keep*, market share] to diesel fuel refiners, wholesalers, and stations:

- CARB issues registration certificate (for a test-proven additive) to fuel additive main supplier.
- Authorized additive sellers, on a copy of that certificate given to a fuel supplier, for each sale, certify *Minimum additive/fuel ratio*, 1:M (e.g.: 1:1,280), *gallons of additive*, and *date sold*.
- That fuel supplier, on a copy of that certificate given to a fuel station or chain, or major user, for its deliveries for a stated date or period, certifies it mixed X gallons of additive with Y gallons of fuel. It certifies *Actual dosage ratio* (1:Y/X) equals or exceeds *Minimum ratio*.
- Stations and diesel fuel trucks display CARB STAR symbol (e.g., large green pine tree on large yellow star) with "CARB registered" above & "DIESEL contains [name of additive]" below).

We have long been upset about outright falsehoods in CARB reports. For example:

- Independent statistician McAdams criticized CARB test design—which included a sample size of 2 and using 4 of the 8 *used* trucks in two “control” samples without additive. To increase the number of statistically significant results, he recommended retesting with larger samples, with all vehicles using additive. CARB in its reports maliciously twisted those comments into endorsement of its mal-design. All of a sudden the testing with samples of 2 became a Phase 1 “screening” test with the sole purpose of providing a basis for decisionmaking on whether the additive merited additional Phase 2 testing with larger samples to determine the true impact of the additive on emissions and fuel economy. Implied: results with a sample of 2 (CARB’s own design) are worthless. The deliberate lying to conceal CARB mal-design of the test is discussed further on page 2 of the enclosure, with these facets omitted: In 1989 test-design meetings at El Monte, CARB officials never once mentioned 2-phase testing, with all available funds to be spent in a Phase 1 “screening test.” (That would have caused a huge explosion.) CARB also excluded CARB statisticians and repeatedly rejected my protests about a 95% confidence level (I said that was ridiculous for *used* trucks and a sample size of only 2). Rod Summerfield always responded, “The sample size is 8, not 2.” **Our demand for an independent statistician were refused until after the testing**, when we became very insistent after reading the faulty draft CARB report. CARB picked McAdams, but he had no impact.
- When a result is statistically insignificant, no conclusion whatsoever can be made concerning the effect of the additive on a particular emission or fuel economy. Inappropriately, CARB reports have violated that rule, creating unwarranted disparagement of the additive.

We have also long been upset at CARB’s concealment of information. For example:

- CARB reports, by inappropriately omitting 90% confidence data (which would have revealed the 4.1% fuel economy improvement), has avoided discussion of the fact that a fuel economy improvement of 4.1% has side benefits: It makes all maintenance improvements (e.g., longer time between engine rebuilds) and reductions of exhaust emissions entirely, or partly, cost-free. The 4.1% improvement was for *certification* fuel. For *commercial* fuel, the results (possibly due to using a sample of only 2) were statistically insignificant—no conclusion possible. For purposes of illustration, let’s assume the improvement was in commercial fuel. At \$2.20 a gallon for diesel, a 4.1% fuel economy means saving \$ 0.09 per gallon. If fuel suppliers pass 100% of their costs of Omstar D-1280X® through to users, the per gallon fuel price increase would be less than \$ 0.09, making the two types of side benefits (in maintenance costs & air pollution) entirely cost-free.

Concealment of written statistical analysis report by CARB statisticians with both 95% and 90% confidence level data. After the testing, we gave up writing to El Monte to get the statisticians’ written analysis and started writing to James Boyd, CARB Executive Director. After many months I got a deliberately insulting response. It consisted of a hundred pages of computer printout with data in columns but no column headings. In the entire document there were no words whatsoever. Finally, Boyd’s letter response of June 18, 1991, arrived. To our surprise, the enclosure was a statistical summary with both 95% and 90% confidence results in statistician Thu Vo’s memo to Rod Summerfield of March 1, 1990.. It had been withheld from us 15 months (The public has been kept ignorant for 14 years by exclusion of 90% data in all CARB reports). That was how we discovered that CARB statisticians (who had been excluded from meetings at El Monte) did not agree with the contention of Rod Summerfield that a 95% confidence level was appropriate for a sample of 2 used trucks. Shortly after Thu Vo made his March 1, 1990, report to him, Rod Summerfield repeatedly told us in a meeting at El Monte that test data for confidence levels below 95% were nonexistent.

The above incidents illustrate why we have lost confidence in the integrity of many CARB employees.

Sincerely,

Howard L. Sargent
Howard L. Sargent
EVP & Chief Engineer

Encl: Proposed CARB report (superseding all prior reports)

State of California Air Resources Board
Office of the Chairman

June __, 2004 (draft)

TO THOSE INTERESTED IN IMPROVING DIESEL FUEL:

SUBJECT: Revised Report of CARB Road-Testing of Effects of Fuel Additive Omstar D-1280X® on Diesel Exhaust Emissions and Fuel Economy (US EPA Urban and Highway Test Procedures)

This report replaces prior inaccurate and incomplete CARB reports on its 1989-1990 testing of Omstar D-1280X® at a cost exceeding \$250,000. Hereafter, this report (which shall also be on the CARB website, replacing the prior faulty report) shall be the only information provided when CARB receives requests for information on the Additive.

The Additive. Omstar D-1280X®, marketed by Omstar Environmental Products, Wilmington, CA, was patented as a gasoline and diesel fuel additive in 1990 by Dr. Morton Fainman, a career fuel and lubricant researcher. It was registered by US EPA on January 29, 1991, with these Purposes-in-Use (of 22 listed):

- | | |
|---|--|
| <ul style="list-style-type: none">• Cetane improver (diesel)• Combustion improver (antismoke agent)• Upper cylinder lubricant• Gum solvent• Valve lubricant• Carburetor and choke cleaner (gasoline) | <p>Note: Refiners and fuel distributors seldom have an economic incentive to add additives with those Purposes-in-use. <i>CARB is examining ways to establish those incentives</i>, augmenting its efforts to get fuel reformulation (e.g., reducing sulfur), which rarely, if ever, produces any effect listed at left.</p> |
|---|--|

These tests of Omstar D-1280X® were conducted in the 1988-1990 period:

- Snap acceleration (smoke opacity) tests in 30 city-owned LAX shuttle buses (report in patent)
- Snap acceleration tests in 12 UCLA heavy-duty diesel buses (monitored by CARB)
- A CARB contractor road-tested Omstar D-1280X® (on prescribed urban and highway routes) in four of eight City of Los Angeles heavy-duty diesel trucks. Two types of US EPA tests (urban and highway fuel economy) were conducted, using a heavy-duty dynamometer.

Summary of results of CARB road-testing of fuel additive Omstar D-1280X®. CARB mal-designed the testing by using *too small a sample size* (2 trucks instead of 4—the City of Los Angeles had provided to CARB 8 used test trucks). **Despite sample size of only 2, the additive commendably caused six statistically significant results, all improvements.** *A sample size of 4 likely would have produced more statistically significant results. Also, CARB reports inappropriately have omitted 90% confidence results.*

SUMMARY OF CARB ROAD TEST OF FUEL ADDITIVE OMSTAR D-1280X®

EPA Urban Test	CERTIFICATION DIESEL FUEL				COMMERCIAL DIESEL FUEL			
	EFFECT	W/O ADD.	WITH ADD.	% CHG	EFFECT	W/O ADD.	WITH ADD.	% CHG
Hydrocarbons	Reduced**	.20	.10	- 50.0%	Reduced**	.20	.16	- 20.0%
Fuel economy	Improved*	14.5	15.1	+ 4.1%				
EPA Highway Test								
Hydrocarbons	Reduced**	.21	.15	- 20.6%	Reduced**	.16	.11	- 31.3%
Carbon monoxide	Reduced*	.99	.89	- 10.1%				

**** 95% Confidence level * 90% Confidence level—hereby released to the public for the first time**
Notes 1. When a result is statistically insignificant, no conclusion whatsoever can be made concerning the effect the additive on a particular emission or fuel economy. **Inappropriately, prior CARB reports have violated that rule, creating unwarranted disparagement of the additive.**
2. Hydrocarbons (HC) are primarily unburned fuel. Reducing HC tends to improve fuel economy.

Examples of prior incomplete and misleading CARB reporting.

- The CARB reports, for the past 14 years, have had only 95% (instead of 95% and 90%) confidence level test results. The 90% confidence test results were omitted, despite the fact CARB statisticians considered a 90% confidence level appropriate. Both 95% and 90% confidence level test data (see table above) were reported by them in a March 1, 1990, memo to a senior CARB official.

Stated another way, 90% confidence test data (the 4.1% improvement in fuel economy and 10.1% reduction in CO) have been inappropriately concealed by CARB from the public for the past 14 years.

- The CARB reports, in addition to omitting mention of the 4.1% fuel economy improvement, also omitted a discussion of a major benefit of fuel economy improvement. A fuel economy improvement pays all or part of the cost of the additive, making any engine maintenance improvements and emission reductions entirely cost free, or partly so.
- The reports failed to commend Omstar D-1280X® for causing six statistically significant test results, all improvements, despite the CARB-designed sample size of only 2. *The CARB reports, instead, falsely implied the additive needed additional testing to determine its effects.* The CARB staff misinterpreted criticism of CARB mal-design of the test provided by CARB-selected, independent statistician McAdams (hired after repeated urging of Dr. Fainman & Omstar, but after the testing).

McAdams said a sample of 2 was too small. He recommended 2 samples of 4 trucks (all using additive) instead of 4 samples of 2 trucks (only half using additive). McAdams also recommended re-testing. The CARB reports have twisted those recommendations inappropriately, saying, in effect:

- o The sample size of 2 (CARB's design) caused the \$250,000 testing to be a Phase 1 "screening test" [a CARB term created after McAdams' criticisms] with the sole purpose of determining whether additional Phase 2 testing with a larger samples should be undertaken (the inference is that, except for that "more-testing" decision, test results with a sample of 2 are worthless), and
- o Thus, only if such additional Phase 2 tests with a larger sample size were undertaken would there be a true determination of the additive's effect (CARB reports are self-indictments of CARB test design incompetence by seemingly admitting CARB knowingly spent all available testing funds—\$250,000—on a Phase 1 "screening test," with Phase 2 testing unfunded.)

Those CARB misinterpretations of McAdams recommendations were false and an unethical attempt to conceal CARB mal-design of the testing. McAdams was merely stating that a sample size of 4 would have increased the probability of more than six statistically significant results. **McAdams WAS NOT claiming the invalidity of the six statistically significant results caused by Omstar D-1280X®, all improvements (sample size of 2).** He WAS saying that poor CARB design of the testing limited the outcome to 6 statistically significant test results (and thus was an inept use of available testing assets).

I only recently became aware of (1) false CARB reports on Omstar D-1280X® and (2) the potential for additives of its Purposes-in-Use to improve fuel. I intend to examine ways to get such additives into fuel.

Product recommendation. Governments never recommend products. CARB is not recommending an additive, but, instead, providing facts, which heretofore have been improperly withheld or presented.

Sincerely,

d-r-a-f-t
Alan Lloyd, Ph.D.
Chairman, CARB



OMSTAR ENVIRONMENTAL PRODUCTS

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July 12, 2004

Dr. Alan Lloyd, Chairman
California Air Resources Board
1001 I Street
Sacramento, CA 95814

Dear Dr. Lloyd,

Thank you for making time for our meeting June 22, 2004. Tom Cackette called to inform me that you would be out of the country until the middle of this month. I have informed all the parties who participated in the June 22, 2004, meeting as they are interested in learning the outcome of the subject of the ARB giving out misleading information about the D-1280X product to inquirers.

However, I did not appreciate Tom Cackette continuing the conversation by telling me I was a liar and all the members of Omstar are liars, and that **"if the ARB was a private company you and Omstar would be sued for slander."** He said he had just as many degrees as Colonel Howard Sargent, Executive V.P., and Chief Engineer for Omstar and he was insulted when Howard told him he "flunked statistics." If you recall, Howard made this statement only after Tom said "four vehicles used additive, so the sample size was four. Colonel Sargent had earlier pointed out that although four vehicles used additive, two of the four had low sulfur fuel and two had high sulfur fuel, making the sample size two, not four as Tom insisted. Howard Sargent was a professor at West Point with studies in statistical analysis being just one of his many specialties.

Because Tom Cackette continues to say that Omstar and I are liars I told him the evidence will speak for itself.) I asked Tom to provide me with copies of all correspondence between the ARB, Jerry Wendt & Robert Koe, Omstar, former Mayor Tom Bradley, former Councilman Richard Alatorre, Brad Sales, Deputy Air Quality for the City of Los Angeles, California Environmental Engineering, Olsen Laboratory, former State Controller Gray Davis, former Senator Ray Haynes (now Assemblyman Ray Haynes, and Senator Art Torres from 1987 to Present.

Tom faxed 28 documents to my office, most of what had already been reviewed and discussed in the June 22, 2004 meeting.

He included a July 26, 1993, letter from Rod Summerfield, Assistant Chief, Mobile Source Division to me, Richard Skaggs, (Exhibit A) a response to my July 20, 1993 letter -(see Exhibit B) that refers to **"an Omstar letter (dated June 25, 1991), regarding ARB's in-house statistical methods in evaluating D-1280-X. These two letters culminated a long history dealing with Omstar and our evaluation of D-1280-X. As it stands today, these two letters (and the factsheet) are still ARB's official position regarding D-1280X."** Summerfield also refers to a July 23, 1991 Boyd letter to Richard Cooke regarding ARB's in-house statistical methods in evaluating D-1280X. (Exhibit A-1)

Later in telephone conversation Summerfield agreed to not include the April 23, 1991, "FactSheet" because of the Agreement made between Jim Boyd, Omstar, Mayor Bradley's Office, Councilman Alatorre, and Controller Gray Davis. (Refer to Exhibit C - 4 pages)

Boyd's July 23, 1991 letter responds to Omstar's June 25, 1991 letter requesting copies of all ARB statistical analysis and summaries given to Sierra Research and their "Independent Consultant" Mr. McAdams. Boyd, ARB explains to Omstar that Mr. McAdams is an independent consultant hired by Sierra Research, Inc. (SRI) **"therefore, any statistical data used in Mr. McAdams' analysis was provided by SRI and not the ARB."** **HOW COULD THE ARB NOT HAVE PROVIDED THE D-1280X STATISTICAL DATA TO SRI? THE ARB CONTROLLED THE TEST PROCEDURE AND THE TEST DATA. HOW COULD SRI HAVE RECEIVED THE TEST DATA FOR ANALYSIS by McAdams IF THE ARB DID NOT INITIALLY PROVIDE IT TO THEM?** Boyd's statement makes it appear that the ARB hires SRI, and SRI hires an independent consultant to prepare a report to cover up the ARB's skullduggery at great expense to the taxpayers and the state budget. Then the ARB denies any involvement in the final summary provided by the "independent consultant".

After many years of Omstar's struggling with the integrity of the ARB, Dr. Wortman's May 10, 1995, Letter (EXHIBIT D) confirms my worst fears about the integrity and purpose of the ARB. Dr. Wortman claims that certain test data had been suppressed by ARB Jan Sharpless and James Boyd, and **"instead of taking appropriate measures to correct the situation, started giving money in surreptitious contracts to Sierra Research which began to develop a proprietary alternative I/M procedure."** This is similar to D-1280X vs. the ARB promotion of Methanol, MTBE, and now the Purinox product being tested in school buses and train fuels. Even though the ARB is aware of the presence and existence of other unknown and unregulated mutant emissions being expelled into the environment from the use of Purinox, the ARB continues to provide Purinox through a grant process at no cost to these transportation agencies testing the product, but at a great cost to the taxpayers. This could be a re-run of the health and environmental disaster that occurred recently in California that was caused by the use MTBE in fuels, another product recommended by the ARB. This was documented by CBS - 60 Minutes.

The ARB could be liable and held accountable by California Business and taxpayers, when it's revealed the ARB deliberately held back information about D-1280X, a safe and cost effective product that has been tested and proven to reduce harmful emissions. The ARB's promotion of Methanol, MTBE, CNG and now Purinox has cost California Businesses and taxpayers billions of dollars crippling the budgets of California Businesses including the State Budget in meeting the SIP. The new stringent Regulations will greatly affect the transportation industries, trash trucks, ocean shipping industry, aircraft, railroads, buses, trucks and coaches. See April 2, 1999, letter to Senator Ray Haynes from UMA Norman Littler, VP Government Affairs. (Exhibit E)

The June 18, 1991, letter from ARB Jim Boyd responding to General Cooke, USMC, Ret. former Omstar President's request for a copy of the ARB in-house statistical analysis of Omstar D-1280X fuel additive. The June 25, 1991, letter from Cooke thanking Boyd for his June 18, 1991 letter and for providing a copy of the March 1, 1990, Omstar Statistical Analysis from Thu Vo, Associate, ARB Advanced Engineering Section. These are the only documents that all parties involved in this scenario agreed would be released. (see Exhibit C - 4 pages)

I believe Tom mislead you during the meeting June 22, 2004, by only providing to you old documents that were replaced by Exhibits A, B and C.

If you recall that during this meeting Tom also said that the ARB did not call CEE Lab or interfere with Omstar making arrangements with CEE Lab to pick up the 8 L.A. City vehicles from Olsen Engineering and to continue testing at Omstar expense at the CEE Lab. Knowing otherwise, I suggested we call the CEE lab owner and manager during the meeting to verify the ARB interference and

Engineering and to continue testing at Omstar expense at the CEE Lab. Knowing otherwise, I suggested we call the CEE lab owner and manager during the meeting to verify the ARB interference and to confirm the threats of no future State contracts being awarded to CEE Lab if they continued the Omstar test. You said making the call wasn't necessary. I asked you to view the CBS news story on video tape wherein the Lab Owner, George Gemayel describes the ARB interference and threats to his business if he continues testing D-1280X. You may contact Larry Swiencki, the CEE lab manager who also received threatening phone calls from Jerry Wendt the ARB staff in charge of monitoring the test. You may call Larry Swiencki at: 909-215-3663.

The ARB and local air districts are undertaking comprehensive studies to develop new measures that will reduce emissions including hydrocarbons, improve air quality, protect the environment to meet the SIP. The ARB tests showed that D-1280-X reduced hydrocarbons up to 50% yet the ARB claimed reduction in HC wasn't important.

D-1280X has been tested in ships, including the Los Angeles Harbor Dept. test of the Condor vessel, the Dept. of Airports, LAX Shuttle Buses for 4 years-4 Million Miles, trash trucks, private charter buses, boilers, both gas and diesel vehicles, Gen-Sets, off-road equipment, military equipment. Over the past 16 years ARB has deliberately, with malice hampered the progress of D-1280X, Inc., a small California Corporation, even though all tests have proved reductions in emissions and an increase in fuel economy, an increase in cetane in diesel fuels, with an overall improvement in engine performance. **The ARB refuses to acknowledge and address the simple fact that when D-1280X is added to gasoline or diesel fuels or alcohol fuels, a significant reduction in harmful emissions is the end result.**

To correct what appears to be a deliberate act by your staff to cover up the mis-deeds of the ARB, I ask that the ARB Web-Site immediately show, as previously agreed, the 4 pages in Exhibit C, beginning with the letter from General Cooke, Omstar to ARB Jim Boyd, dated June 25, 1991.

We urge and ask for assistance for ARB / EPA / AQMD certification for D-1280X in all categories to offer a safe and cost-effective way to reduce harmful emissions in California and to help California meet the SIP.

Your assistance in having your agency send me copies of the correspondence mentioned on page 1, paragraph 3 above, discussed with Tom Cackette, and a copy of the detailed report prepared by Katherine Tschoge, ARB Ombudsman, sent to the Attorney General's office to investigate possible bribery charges against the ARB will help resolve this ongoing issue of ARB interference with Omstar once and for all. Dr. Lloyd I served as an appointee on the California IMRC for 8 years, under 3 Governors and 5 House Speakers, both Democrat and Republicans. I've also been mislead by bureaucrats with their fuzzy numbers and half-truths. I have a high regard and admiration for the integrity and fairness you have always demonstrated. Thank you for your assistance.

Sincerely,

Enclosures:

Exhibits A, A-1, B, C, D, E.

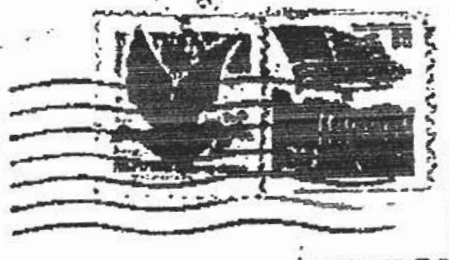
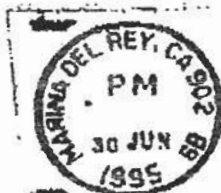
Richard Skaggs,
President, D-1280X, Inc.
/dba Omstar Environmental Products

FAX TRANSMITTAL

10 May 1995

TO: _____

FROM: A. WORTMAN, PH.D.



SUBJECT: I/M PROGRAM, WILSON & THE AIR RESOURCES BOARD

During my 10 year tenure on the ARB I had some opportunities to interact with you and Larry Armstrong and I think that I had some understanding of your problems, but because of my position I could not tell you that you were involved in a very big game which you did not understand and which you could not win. Your opposition essentially owned the ARB executive office (including the chair) and had connections reaching into the governor's office. Now that I have been off the Board for a year I can share with you my understanding of the game. I am sure that I do not know all the details so that you are only getting impressions based on incomplete data.

In 1988 Lawson found in roadside tests that cars emitted far more than was expected on the basis of a highly biased inventory model developed specifically for the ARB by the contractor who was being paid to write the annual reports to the legislature. The data were suppressed by Sharpless and Boyd who, instead of taking appropriate measures to correct the situation, started giving money in surreptitious contracts to Sierra Research which began to develop a proprietary alternative I/M procedure. In order to maintain status quo Sierra continued to write reports to the governor and the legislature presenting lies which Paskind exposed in a public ARB memo for which he was "encouraged" to retire. Through Governor Deukmejian's office I forced Sharpless and Boyd to produce contracts lists which indicated that about \$1 million had been given to Sierra Research in contracts on which the Board had not been given an opportunity to vote in public. Sharpless refused to certify to the accuracy or completeness of the data, and Boyd refused to provide any details of what the Board got from these surreptitious contracts. By this time Deukmejian was getting ready to depart and no further formal action was taken.

In December 1992 I found that a further \$2.2 million (or more) had been given to Sierra Research in contracts which had not been approved by the Board in public hearings. Wilson's office refused to act on this information even though I made several appeals directly and a dozen presentations to Cal-EPA. At this time Sierra Research was developing a constant speed high throttle opening test to substitute for the I/M program. There was an enormous pressure to certify this as the only procedure to be used. All my attempts to bring this concept to a public debate were suppressed by Sharpless who also refused to let me see contracts lists. Sharpless and Boyd had such support from the governor that my threats to go public with the information that ARB was breaking the law in issuing large contracts without an open hearing and vote were disregarded.

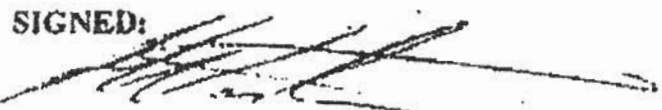
EXHIBIT D

I perceived this as the game to establish Sierra Research as the licensor of the only approved test, with everybody who wanted to be in the game paying annual license fees. My objections on technical grounds, and even more on the grounds that state funds could not be used to establish a private business were silenced. Rumors at ARB were that the Sierra Research program developed serious problems ranging from the installation of the dynamometer to measurements which they apparently bungled completely. Nobody was allowed to see that facility because there was no public record of contracts to Sierra Research and thus ARB could not claim the legal right to inspect contractors facilities and books. I have no idea how much ARB money went into this because Boyd ordered everybody who talked to me to write detailed reports on the topic and the time spent with me. I intercepted one of these reports and it is an illuminating exposition of the total control of information which Boyd had imposed. Cal-EPA was clearly stalling by continuing to talk to me under the pretense of gathering incriminating data. This became clear after I sensed that they were passing all my information to Boyd and Sharpless. In order to silence the growing protest from ARB personnel (Lawson, Paskind, Tacawy) and knowledgeable outsiders Wilson fired Sharpless on the pretext of a bungled diesel fuel program. He bought her silence by appointing her to the California Energy Commission. At the same time a "blue ribbon" panel was formed to cover up all unpleasant details. Rumors from El Monte indicate that Sierra Research wrote the report and the panel members got \$25,000 each for their signatures. The farce of bringing in Rand Corporation was a simple feint to deflect the suspicions that a game was being played. My friend, Jerry Aronsty, who led this effort managed to conclude that improvements in the existing program were possible, but did not reach a single comprehensible conclusion. For this he got \$120,000 and a position on the I/M committee. When I continued to protest that public funds were being used to set up a business Wilson got rid of me and brought in a man (GM payroll at the time) to silence protests and to see that the idiotic electric vehicle mandate is rescinded. Afterwards, in the election campaign Wilson bought the support of the I/M industry by lying to the US-EPA in certifying that The I/M program was functioning successfully. There was no attempt to correct any possible defects because the plan is to promote a completely different program, and that is not the one proposed by EPA. ARB has people who have been in and out of Sierra Research, and during these maneuvers one of Sierra's partner's wives was in the ARB legal department with complete access to all contracts. She used her maiden name, and did not admit any connections. Sierra Research is very well connected with the governor's office, and controls ARB policies.

You were outgunned and outmaneuvered from the beginning. My advice is to save your money and find some other endeavor because your chances here are negligible. You might wish to contemplate the possible reasons for the secrecy imposed by Boyd and Sharpless on their generous disbursements to Sierra Research.

You have my sympathy, but neither I nor anybody else can help you.

SIGNED:


A. WORTMAN, PH.D. (T/F (310) 394-7332)

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September 16, 1999

Governor Gray Davis
State of California
Sacramento, CA 95812

Dear Governor Davis:

Congratulations on being elected Governor. The last time we exchanged greetings was at my FBI retirement party in 1979. Since then I have been involved in a number of high profile investigations including one with Omstar Environmental Products International at the present time. I am writing to bring the Omstar investigation to your attention, as it involves a state agency, the California Air Resources Board (ARB).

I have the privilege of presently working as a consultant with Dr. Robert Cassar, Owner of Omstar Environmental Products International, Mr. Richard Skaggs, appointed by California Speaker of the House who is serving a four year term on the Inspection, Maintenance and Review Committee, and Mr. Terry Reed, Engineer and former consultant for the U.S. Dept. of Justice in an effort to determine why and how a series of events have taken place.

Omstar seeks to market products that enable regulated industries to comply with increasingly tougher ARB clean air standards. These products include a special line of non-toxic pollution reducing agents for use in all combustion engines in the form of a patented fuel additive collectively known as D-1280X and a smoke opacity meter, which accurately measures the black filth spewing out of big trucks and buses.

Although I have only been working with Omstar a few months, I have reviewed the situation and with officials of Omstar met with Mr. Paul Jacobs of the ARB and key members of his staff. The ARB sets the standards for pollution control in the State of California and around the world. The Environmental Protection Agency (EPA), Washington, D.C. and state pollution control agencies look to the ARB as the leader in the field.

D-1280X

The following is a brief chronology of activities involving the ARB. In 1987, then Councilman Richard Alatorre and Mayor Tom Bradley while attempting to reduce fuel costs and seeking an opportunity to lower emissions in the City of Los Angeles and throughout California became aware of data from tests conducted by an EPA approved laboratory on Omstar's D-1280X. With the savings alone in fuel costs, it was determined that by using D-1280X in city vehicles they could place more policemen on the streets of Los Angeles. After seeing

test data on several other products claiming to reduce emissions and improve fuel economy, it became apparent that the only company with real data to back up their product claim was Omstar. The ARB was asked to confirm Omstar's testing of D-1280X. The ARB responded with 2 separate in house clinical tests to verify the repeatability of their data. The average of the two tests increased the fuel economy by 4.4%, and reduced toxic emission by 30%. After the study was completed, Mr. Brad Sales, at that time Deputy Air Quality Control Manager of the City of Los Angeles, was contacted. Although the results of this baseline test were accurate, the ARB declined to release their own data until they conducted fleet testing with 11 vehicles.

California Environmental Engineering (CEE) determined that the reduction in toxic emissions was greater by 20% than had been previously reported by the ARB. At this point, the City of Los Angeles was given the approval to initiate retesting the vehicles by Olsen Engineering. However, at the last minute a change in the testing procedure was made by the ARB without the knowledge of the City of Los Angeles or Omstar. The test consisted of 8 vehicles in 4 groups of 2 vehicles each with only one pair tested with D-1280X and commercial fuel. Omstar and the City of Los Angeles were not aware of this change in testing protocol until after the testing had been completed. An engineer working for Olsen Engineering made a telephone call to Omstar and informed them what had taken place. A viable fleet test would have required that all 11 vehicles be tested with certification fuel with and without the product and with commercial fuel with and without D-1280X. In the opinion of Omstar officials the result of these changes made by ARB was a testing procedure designed to fail.

Instead of considering the Omstar product, D-1280X, the ARB apparently yielded to the pressures of big oil interests and adopted the known carcinogenic MTBE, which has been in our fuel since 1979. MTBE increases gas prices by 15 to 20 cents per gallon.

MTBE as you know is a by-product of the refining process that is hazardous waste. It is used to insert into fuel and increase combustion temperatures. A high percentage does not burn and ends up in our environment. It should never have been approved. As a result, it has poisoned almost every water table in the State of California. The Governor of Alaska banned it in the late 1980's because it causes cancer.

An independent statistics analyst for the ARB, Mr. H. T. McAdams, was consulted and described the ARB's testing as seriously flawed. He recommended further evaluation of D-1280X. This event never happened, leaving the impression that the sample was reduced from 11 vehicles to 2 in a apparent deliberate attempt to diminish the value of the tests. This cost California taxpayers more than \$250,000.

After hearing about the methodology applied through Olsen Engineering, Omstar had serious reservations about the relevance of the ARB's tests and asked CEE to carry out new tests while the 11 City of Los Angeles vehicles were still available. Furthermore, Omstar was willing to spend its own money to fund additional tests by CEE.

A certified courier was hired to deliver the 11 City of Los Angeles vehicles to CEE. Mr. George Gemayel, CEE's owner, told a reporter he was emphatically warned by a identified person in the ARB to "stay away from testing the trucks because the issue was too explosive and political". Because Mr. Gemayel's laboratory relied on ARB and EPA contracts

to stay in business, he declined to do further testing, stating, "You don't know how powerful the ARB is". Retesting was never done. Mayor Bradley and Councilman Alatorre asked for the test results but the ARB refused to release the report and successfully suppressed its contents from the public for more than two years. When you were the State Controller, you became involved in this issue and after learning the taxpayer's paid for the test, you demanded that its contents be released immediately. You sent your representatives, Mr. Sales, and representatives from the Mayor Bradley's office to meet with then Executive Director of the ARB, Mr. Jim Boyd. The results of these tests after being withheld from the public for more than 2 years was released within 48 hours.

Councilman Alatorre was unsuccessful in having ARB retest the 11 vehicles. In 1992, he recommended that Omstar contact then Assemblyman Ray Haynes who was involved with the State Department of Transportation. There have been numerous unsuccessful efforts since 1992 to retest D-1280X

Numerous independent tests which document over 50 million vehicle miles on D-1280X supports the ARB's own conclusion that this product performs as claimed by Omstar.

It is tragic that D-1280X is not in use everywhere, helping all of us clean up and lighten the toxic load imposed on the environment by our cars, trucks, buses, and two-stroke engines. The death of thousands of people every year is attributed to toxic pollution. In Atlanta Georgia, children are only permitted to go to school every other day due to the pollution problem.

Preliminary inquiry has established that when potential Omstar environmental customers have contacted the ARB and asked about the performance and tests of D-1280X, they have been informed that,

1. No testing was done,
2. Knowledge of performance is unconfirmed,
3. They had never heard of the product.
4. Sent out incorrect information.

On August 24th 1999 the ARB provided a summary of additives for emission reducing products to the Fuels Subcommittee to the Advisory Committee to Address Toxic Air Contaminates from Diesel-Fuel Engines in Sacramento, California which included a public release on the Internet. According to the release these additives reportedly reduce particulate emissions from diesel fuel engines. In spite of the fact that D-1280X is the only product ever tested and certified by the ARB with positive results, D-1280X was not listed as one of the products. When confronted, an ARB official apologized stating this was an over sight. He remarked that D-1280X would be placed on this list immediately. Mr. Richard Skaggs, a member of the committee and I attended this meeting.

On August 25, 1999 Mr. Skaggs and I attended a meeting in Sacramento of the California State Fuels Subcommittee. During the meeting Mr. Charles Letavec of ARCO Petroleum Company made a presentation of a new fuel additive being developed by ARCO Petroleum Company. Mr. Letavec stated the ARB is in the process of assisting ARCO Petroleum Company in locating a new factory site. The same ARB that withheld the Omstar D-1280X

test from the public for more than two years is now helping ARCO Petroleum Company locate a factory site? Suspicious – to say the least! D1280X doesn't require any factory modifications at the refiner level, or any retrofitting on the vehicle just pour it into the fuel.

The ARB's own test data confirm that D-1280X could be made available to users at zero cost because the fuel savings it achieves more than offsets the cost of the product. The ARB's average 4.4% estimate of boost to fuel economy is much lower than most independent tests have shown, but based on that figure D-1280X costs nothing. That's great news for regulated industries that are already buckling under the financial burden of complying with ever-tougher clean air laws.

The big oil companies are now competing to bring out reformulated diesel fuels to reduce exhaust emissions. However, all of them will cost more at the pump, and will reduce tailpipe pollution much less than the ARB's test of D-1280X.

No one is saying the ARB should endorse Omstar's products. That would be unethical. But Omstar asked me to investigate this because it believes the ARB would do a better job for our threatened environment if it set politics, power plays, and special interests aside and cleaned up its act while it's claiming to clean up the air.

CALTEST INSTRUMENTS INC. SMOKE OPACITY METER

Omstar has another concern about ARB policies through its association with CalTest Instruments Inc. of Los Angeles. CalTest is active in the marketing of smoke opacity meters.

Smoke opacity – or measurable smoke density – is a matter of major concern to all of us because the ARB is at last enforcing air quality regulations, which require diesel fleet operators to prove their vehicles meet strict new exhaust emission standards. The ARB has in turn officially required that opacity meters be used to prove compliance with the new laws and must meet strict accuracy standards (SAE J1667).

Mr. Bruce Ourley, Assistant Ombudsman of the ARB has done an outstanding job with his investigation of this matter and has collaborated my findings. Those companies who claim they have met SAE J1667 specifications were asked to sign an affidavit under penalty of perjury that their smoke meters did in fact meet those specifications. Red Mountain Engineering Inc., who signed the penalty of perjury, showed no remorse, knowing that their meters did not meet specifications, as confirmed by Mr. Ourley and the ARB who sent them back on September 8th, 1999.

CalTest and other smoke opacity meter manufacturers worked for many years with the Society of Automotive Engineers (SAE) to voluntarily develop quality controls and ensure that consumers are protected. CalTest's meters are not the only ones that meet SAE J1667 specifications under Assembly Bill 584, which states only SAE J1667 meters will be used in this program.

I have learned from my investigation that in spite of writing its own quality control standards into its rules and regulations, the ARB has both directly or indirectly encouraged and

condoned the sale of the Red Mountain meter. The Red Mountain meter produces compliance data not legally acceptable to the board's own enforcement standards. The ARB has allowed Red Mountain to advertise that their meter is used for enforcement in the state of California even though it does not meet ARB specifications. Many states have bought the Red Mountain meter because of this endorsement, causing a negative chain reaction across the United States. Now these states are in possession of a meter that is useless. Conceivable this could involve fraudulent actions by some individuals, and a suspension of the now active HD Diesel Smoke Check Program.

The entire program to impose stricter controls on carcinogenic diesel emissions – not just in California, but also in other states and countries – will be jeopardized by the ARB's failure to follow its own guidelines.

All we can do is speculate as to why California's ARB would even permit a smoke meter that doesn't meet its own accuracy and reliability specs to be sold in the state at all – let alone why it would actually promote one that isn't up to specs.

Although the ARB was requested in 1997 to remove meters not meeting SAE J1667 specifications from service and return them to their manufacturers, this never happened. Then Chairman of the ARB Mr. John Dunlap was apparently misled by his own staff to believe that meters not meeting SAE J1667 specifications had been identified and removed from service. He then sent a letter to Senator Ray Haynes stating these meters were being sent back and would no longer be used to conduct testing. When bureaucrats knowingly mislead or lie to elected officials, these officials in turn cannot make intelligent decisions or take action that is in the public's best interest.

I have shared my findings with Dr. Alan Lloyd, the new Chairman of the Board of ARB who is doing an outstanding job. Dr Lloyd instructed Bruce Ourley of the ARB to initiate an investigation on September 8, 1999. Mr. Ourley established that the Red Mountain meter did not meet SAE J1667 specifications. The State of New York stated that the Bosch RTT 100 smoke meter does not meet SAE J1667 specifications. It is encouraging that Dr. Lloyd and Mr. Ourley are taking the necessary steps to correct these matters. You can obtain further details by contacting Mr. Bruce Ourley at the ARB at (916) 445-3187

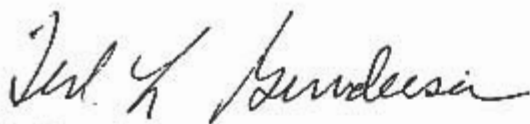
On September 15, 1999 I attempted to interview Mrs. Diane Cook the owner of Red Mountain Engineering Inc. who along with myself and others are attending the 15th Annual Mobile Sources / Clean Air Conference in Aspen Co. After introducing myself as an investigator and a consultant for Omstar Environmental Products International she stated "I have been instructed by my attorney not to speak to you people." I informed her that Omstar Environmental Products International has a Red Mountain meter at the conference that was tested and does not meet specifications. I told her since she claims the Red Mountain meter in her possession at the conference meets SAE J1667 specs we should exchange the non-complaint Red Mountain meter in Omstar's possession with the reported complaint Red Mountain meter in her possession. She declined to further discuss this matter. I gave Mrs. Cook the opportunity to show that her meter meets the SAE J1667 specifications but she refused.

I have enclosed a letter from CalTest Instruments Inc. to Mr. Cook dated June 14, 1999 in

which CalTest Instruments Inc. offered Mr. Cook assistance in bringing the Red Mountain Meter into compliance. Omstar is not attempting to discredit the Red Mountain or Bosch meter. They are merely attempting to save the HD Diesel Smoke Check Program.

I have the utmost confidence from knowing you for years and knowing you are an honest and dedicated public servant that you will look into these matters immediately. One company such as Red Mountain Engineering Inc. can destroy this program. I feel that the Attorney General will be interested in reviewing this matter since it involves possible fraudulent violations. I will be writing a report at the conclusion of my investigation, which will be forwarded, to you and the Attorney General for your review.

Your friend and admirer,



Ted L. Gunderson

CC: California Attorney General
Dr. Alan Lloyd, Chairman, ARB
Bruce Ourley, Ombudsman, State of CA

Enclosures – Ted L Gunderson Resume

20 page bond report to Dr. Alan Lloyd 7/21/99

Transcript of editorial by CBS TV news 5/1/88

30-minute video on news spots

Daily Breeze article 4/7/97

James D. Boyd letter to Omstar 6/18/91

Attorney John De Hart letter 12/18/98

Ted Gunderson letter to New York State Attorney General 8/7/99

Subject: 88-94 THE DIFFERENCE BETWEEN BUSINESS AND BUREAUCRACY

Broadcast: May 1, 1988

If you think diesel smoke is a major part of air pollution in the Los Angeles Basin, you'll get no argument from us.

Gasoline engines have been controlled for 20 years, but not diesels. And they burn 25 times dirtier than gasoline.

Diesels put 475 tons of pollutants into the air here every day, mostly from trucks and buses.

Fourteen months ago, Channel 2 told of a new commercial diesel additive called D-1280 that cuts diesel smoke and increases diesel mileage.

Councilman Richard Alatorre immediately asked the State Air Resources Board to test it, with the idea of trying it in city trash trucks. They're extremely polluting because they stop-and-go all day.

That test took nine months and subsequent tests will take another ten.

In the meantime, American President Lines, right here in San Pedro... and one of the biggest cargo carriers in the world, tested D-1280 in its vehicles, reached a decision, and adopted the additive in 25 days, flat.

APL said the stuff cut diesel smoke by 50% to 90%, and gave them a net 6% more mileage. Now they're considering trying it in their diesel cargo ships, which take more than a million gallons to tank up.

The Air Resources Board has a budget of \$68,000,000 this year.

If Richard Alatorre is lucky, he may get the ARB to do in two years what American President Lines did in 25 days.

That's the difference between business and bureaucracy.

I'm Bob Hyland.